

## Message Text

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FOLLOWING IS REPEAT USUN 1449 SENT ACTION SECSTATE INFO TEHRAN  
APRIL 22:

QTE: E.O. 11652: NA

TAGS: ENRG IR

SUBJ: UNGA SPECIAL SESSION: AMOUZEGAR PRESS CONFERENCE

FOLLOWING IS IPS REPORTER'S INFORMAL SUMMARY OF REMARKS AT  
UN CORRESPONDENTS ASSOCIATION APRIL 22 LUNCHEON BY OPEC HEAD  
DR. JAMSHID AMOUZEGAR:

QTE

PRESS BRIEFING AT UNCA LUNCH MONDAY, APRIL 22, 1974  
WITH DR. JAMSHID AMOUZEGAR, PRESIDENT OF ORGANIZATION OF  
PETROLEUM EXPORTING COUNTRIES (OPEC).

--SPECIAL SESSION OF GENERAL ASSEMBLY--IT WOULD BE A "GREAT  
PITY" IF THIS SESSION ENDS UP WITHOUT EMERGING WITH A POSITIVE  
AND COMPLETE PLAN OF ACTION TO ELLEVIATE THE PLIGHT OF THE  
UNDERDEVELOPED AND UNDER-PRIVILEGED. THIS IS THE REASON  
WHY IRAN CAME FORTH WITH A POSITIVE PROPOSAL AND WE ARE VERY  
FLEXIBLE IN ITS IMPLEMENTATION. WE HOPE IT MEANS ENOUGH  
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SUPPORT AMONG OPEC AND TECHNICALLY ADVANCED COUNTRIES TO RAISE

A CERTAIN AMOUNT OF MONEY TO AID THE NEEDY COUNTRIES.

--ON THE OIL PRICE RISE--IRAN DID NOT RAISE THE PRICE OF OIL UNILATERALLY. IT WAS RAISED UNANIMOUSLY IN THE RECENT TEHRAN MEETING AFTER CONSIDERABLE DEBATE ON A FAIR PRICE BETWEEN \$14 AND \$9. IRAN SUGGESTED SENDING TEAMS OF EXPERTS TO THE UNITED STATES, JAPAN, SOUTH AFRICA AND WESTERN EUROPE TO FIND OUT THE COST OF ALTERNATE SOURCES OF ENERGY-- ATOMIC, SHALE OR COAL. THE COSTS OF ALTERNATIVES RANGED FROM 7-12 1/2 DOLLARS DEPENDING ON THE COUNTRY, THE CONSIDERATION TAKEN OVER THE ENVIRONMENT, LABOR COSTS ETC. SO IRAN SUGGESTED THAT, SINCE IN A COMPETITIVE MARKET THE PRICE OF ANY COMMODITY MUST BE COMPARABLE TO ITS ALTERNATIVE, \$11.65 WAS A REASONABLE POSTED PRICE FOR OIL. THERE WAS OPPOSITION TO THIS IRANIAN SUGGESTION, BUT ULTIMATELY IT WAS ACCEPTED. HE REGRETTED THAT EVERYPLACE HE HAS BEEN IN THE UNITED STATES DURING THE PAST TWO WEEKS HE IS TREATED AS THE DEVIL, BUT LETS GET THE FACTS STRAIGHT."

--OIL RESERVES--UP UNTIL A YEAR AGO IRAN OPERATED WITH CONSORTIUMS OF OIL COMPANIES OPERATING AS AGENTS OF THE IRANIAN GOVERNMENT. NOW IRAN OWNS 100 PERCENT OF ITS OIL RESERVES, DEPOSITS, REFINERIES, ETC. "WE HAVE PAID FOR IT IN FULL."

--OIL AUCTION--IRAN HAD A SMALL AMOUNT OF OIL AVAILABLE-- 300,000 BARRELS--FOR THE GOVERNMENT TO SELL. WHAT TO DO WITH IT? SELL TO YOUR FRIENDS? IT WAS FELT IT MUST BE APPROACHED IN A FAIR AND RESPONSIBLE WAY, SO AN AUCTION WAS SUGGESTED, THIS WAS DONE, AND THE FIRST OFFER THAT CAME IN THROUGH CHASE MANHATTAN BANK IN NEW YORK WAS \$17.75 "WE WERE NOT RESPONSIBLE FOR RAISING THE PRICE... GOVERNMENTS AND OIL COMPANIES GOT PANICKY. WE WERE OFFERED \$17.75 AND WE SOLD IT. IT WAS RESOLD BY THE PURCHASER FOR \$23-28 DOLLARS."

--ARMS IN THE MIDDLE EAST-- SPEAKING "ONLY ON BEHALF OF IRAN," HE SUGGESTED: "IF YOU WILL HAVE YOUR FREEDOM YOU HAVE TO BE PREPARED TO DEFEND IT. YOU MUST FIGHT FOR IT YOURSELF. WE ARE CONCERNED WITH THE SUBVERSIVE ACTIVITY AROUND US E.G. OMAN." THE HANDWRITING IS ON THE WALL, HE SAID. "WE DON'T WANT TO BE LEFT IN A PINCH WHERE WE UNCLASSIFIED

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ARE OVERTAKEN BY SURPRISE." "WHAT WE ARE DOING IN IRAN IS PREPARING OURSELVES TO DEFEND OURSELVES, OUR FREEDOM, OUR WAY OF LIFE."

SUCCESS OF GENERAL ASSEMBLY SESSION?-- THE SESSION HAS NOT GAINED ENOUGH SUPPORT IN FORM OF ACTION. IT HAS GAINED SUPPORT VERBALLY. MOST EVERYBODY HAS COME FORWARD IN SUPPORT OF THE SHAH'S PROPOSAL... PERHAPS THE ONLY WAY TO HELP THE HARD HIT COUNTRIES. ALTHOUGH THERE HAS NOT BEEN ANY ACTUAL

CONTRIBUTION TO THE FUND, MANY AMONG THE WESTERN EUROPEAN NATIONS AND THE OIL-PRODUCING COUNTRIES SAY THEY DEFINITELY WOULD CONTRIBUTE TO THE FUND ONCE IT IS ESTABLISHED. THIS IS WHY THE SESSION IS SO IMPORTANT, BUT HE DOES NOT BELIEVE THE FUND SHOULD WAIT FOR THE RESULTS OF THE SESSION; IT CAN START ITS OPERATIONS WITH JUST A FEW MEMBERS. IRAN HAS ALREADY ANNOUNCED IT WILL GIVE 150 MILLION DOLLARS IMMEDIATELY AND WOULD START NEXT WEEK. A FEW OTHER OPEC COUNTRIES CAN MAKE A CONTRIBUTION IN A RELATIVELY SHORT TIME. IRAN PROPOSES THE TOTAL FUND TO BE BETWEEN TWO AND THREE BILLION DOLLARS AND HOPES TEN OPEC AND TEN INDUSTRIAL COUNTRIES WILL BRING IT UP TO THREE BILLION. IF IT IS NOT POSSIBLE TO GET THE TEN AND TEN, THREE OR FOUR OPEC AND FOUR OR FIVE INDUSTRIAL COUNTRIES WOULD MAKE ONE AND ONE-HALF BILLION--THAT IS STILL QUITE CONSIDERABLE FROM ANY STANDPOINT, TO START HELPING THE NEEDIEST COUNTRIES.

WILLING DONORS--HE SAID THAT ALGERIA AND VENEZUELA ARE THE TWO OPEC COUNTRIES THAT HAVE INDICATED WILLINGNESS TO GIVE TO THE FUND IMMEDIATELY. OTHERS HAVE NOT SAID THEY WOULDN'T, BUT IT TAKES TIME TO MAKE THE DECISION.

OPEC FUND--THE FUND WOULD LOAN THE MONEY ON A 25-30 YEAR BASIS AT 2-2 1/2 PERCENT INTEREST. OPEC WANTS TO AVOID THE RELATIONSHIP OF A BIG BOY TO A SMALL BOY, OR HURT THE PRIDE OF THE PEOPLE WHO ARE BEING HELPED. THEY WILL PAY IT BACK AND WON'T HAVE TO GO THROUGH HARDSHIP DOING IT.

RELATIONSHIP BETWEEN PRODUCER AND CONSUMER COUNTRIES-- FOR A QUARTER OF A CENTURY THERE WERE PRICE DROPS IN OIL BY 70 PERCENT, WHILE PRICES OF 28-30 OTHER COMMODITIES WERE RAISED. THIS WAS DONE DELIBERATELY BY THE OIL COMPANIES. THESE COUNTRIES, ESPECIALLY WESTERN EUROPE, INCREASED THEIR INDUSTRIAL UNCLASSIFIED

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EXPANSION AND ECONOMIZED THEIR OWN RESOURCES BY SHUTTING DOWN COAL MINES. THE TIME HAS COME FOR THE PRODUCERS TO DEFEND THEIR RIGHTS, AND THE ONLY WAY IS TO CONSERVE OIL FOR THE FUTURE AND TO PRICE OIL ACCORDING TO THE UPS AND DOWNS OF OTHER COMMODITIES.

FUTURE OIL PRICE-- FOR THE MOMENT HE SEES NO FURTHER RISE AS LONG AS OIL PRICE KEEPS STABLE WITH THE PRICE OF OTHER COMMODITIES, AND OTHER ENERGY SOURCES. INFLATION WILL HAVE AN EFFECT. IF NOTHING COUNTERACTS GALLOPING INFLATION, THEN OIL PRICES WILL BE AFFECTED. HE CITED THE RISING PRICES OF SUGAR--UP 16 TIMES; WHEAT-THREE TIME, NOTING THAT DEVELOPING COUNTRIES JUST CAN'T MAKE UP THE DIFFERENCE WITHOUT HELP FROM SOMETHING LIKE THE OPEC FUND. UNQTE.  
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